



HILLSBORO E-COMMERCE PROGRAM

The Electronic Commerce program applies to businesses engaged predominantly in e-commerce activity. The program benefits are **in addition** to the Enterprise Zone property tax exemption on new qualified property for three to five years, including personal property used in e-commerce activity with a value greater than \$1,000 per item.

ELIGIBILITY

- A business must meet the qualifications for the Hillsboro Enterprise Zone before being eligible to receive e-commerce benefits.
- A business must be engaged in e-commerce activity.
- Electronic Commerce means commercial or retail transactions predominantly using the Internet. Predominantly means that more than 50 percent of applicable transactional activity is Internet-based in terms of receipts, number of orders, or clients served (or an equivalent qualitative determination), as opposed to activity handled directly or primarily through means such as telephone or e-mail.
- Applicable business activity and related investments must:
 - ✓ Locate and occur inside the E-commerce zone;
 - ✓ Involve dealings with customers, suppliers, clients or other transactional entities that are external to the business, predominantly over the Internet or computer network utilizing the Internet as a platform; and
 - ✓ Entail, support or relate to the sale or purchase of goods, property or services, whether conducted on a wholesale, commercial, business to business, retail or other basis.
 - ✓ Includes facilities, equipment services, networks, software, broadband infrastructure, that are produced or operated inside the E-commerce zone by a third party, who facilitates, or makes possible business transactions through the Internet.

State Corporate Income Tax BENEFITS

- A business qualified for electronic commerce benefits can also earn a State corporate income/excise **tax credit** equaling the lesser of **\$2 million or 25 percent of the total investment** annually for E-commerce related property within the enterprise zone boundary.
- Unused portions of this credit may be carried forward up to five (5) additional years for offsetting future corporate income/excise tax liability in Oregon.
- The program allows up to three (3) consecutive annual investments in E-Commerce.
- This tax credit will sunset by statute so businesses need to make the investment and its initial claim no later than the income tax year that begins during 2017.

Application REQUIREMENTS

- Businesses must apply for Enterprise Zone benefits and select the e-commerce designation on the enterprise zone application form.

June 2016